

**§ 19.612 Summary records of tax determinations.**

Each proprietor that withdraws distilled spirits on determination of tax, but before payment of tax, must maintain a daily summary record of tax determinations. The summary record must show for each day on which tax determinations occur:

(a) The serial numbers of the records of tax determination, the total proof gallons rounded to the nearest tenth proof gallon on which tax was determined at each effective tax rate, and the total tax; or

(b) The serial numbers of the records of tax determination, the total tax for each record of tax determination, and the total tax.

(26 U.S.C. 5207)

**§ 19.613 Average effective tax rate records.**

(a) *Daily record.* For each distilled spirits product to be tax determined using an average effective tax rate in accordance with § 19.249, the proprietor must prepare a daily summary record showing:

(1) The serial number of the batch record of each batch of the product that will be bottled or packaged, in whole or in part, for domestic consumption;

(2) The proof gallons in each such batch derived from distilled spirits, eligible wine, and eligible flavors; and

(3) The tax liability of each such batch determined as follows—

(i) Proof gallons of all distilled spirits (exclusive of distilled spirits derived from eligible flavors), multiplied by the tax rate prescribed in 26 U.S.C. 5001;

(ii) Wine gallons of each eligible wine, multiplied by the tax rate which would be imposed on the wine under 26 U.S.C. 5041(b)(1), (2), or (3) but for its removal to bonded premises; and

(iii) Proof gallons of all distilled spirits derived from eligible flavors, to the extent that those distilled spirits exceed 2.5 percent of the proof gallons in the product, multiplied by the tax rate prescribed in 26 U.S.C. 5001.

(b) *Monthly records.* At the end of each month during which the product is manufactured, the proprietor must:

(1) Determine the total proof gallons and total tax liability for each summary record prescribed by paragraph (a) of this section;

(2) Add the sums derived under paragraph (b)(1) of this section to the like sums determined for each of the preceding 5 months; and

(3) Divide the total tax liabilities by the total proof gallons.

(26 U.S.C. 5207)

**§ 19.614 Inventory reserve records.**

(a) *General.* For each eligible distilled spirits product to be tax determined in accordance with § 19.250, the proprietor must establish an inventory reserve account, in accordance with this section.

(b) *Deposit records.* For each batch of the bottled or packaged product, the proprietor must enter into the inventory reserve account a deposit record, which may be combined with the bottling and packaging record required by § 19.599, showing:

(1) The name of the product;

(2) The bottling and packaging record serial number;

(3) The date the bottling or packaging was completed;

(4) The total proof gallons bottled and packaged; and

(5) The effective tax rate of the product computed in accordance with § 19.246.

(c) *Depletions.* The inventory reserve account for each product must be depleted in the same order in which the deposit records were entered into the account. The proprietor must record a depletion for each disposition (for example, a taxable removal, an exportation, or an inventory shortage or breakage) by entering on the deposit record:

(1) The transaction date;

(2) The transaction record serial number;

(3) The proof gallons disposed of; and

(4) The proof gallons remaining. If any depletion exceeds the quantity of product remaining on the deposit record, the proprietor must deplete the remaining quantity, close the deposit record, and then deplete the remainder of the transaction from the next deposit record.

(26 U.S.C. 5207)